

Structured Finance Rating Asset-Backed Securities

New Update

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Nurol Yatırım Bankası A.Ş. İkinci Otorosor Varlık Finansmanı Fonu

Type of Asset-Backed Securities	PTCs - Pay Through Certificates
Originator (Parent)	Otosor Otomotiv A.Ş.
Servicer(s)	Otosor Otomotiv A.Ş. & Nurol Yatırım Bankası A.Ş.
Special Purpose Vehicle	Nurol Yatırım Bankası A.Ş. İkinci Otorosor Varlık Finansmanı Fonu
Transaction Administrator	Nurol Yatırım Bankası A.Ş.
Issuer	Nurol Yatırım Bankası A.Ş. İkinci Otorosor Varlık Finansmanı Fonu
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Otosor Otomotiv A.Ş.
Purchasing Programme	Otosor Otomotiv A.Ş.; (5% of the Issue Amount)
Overcollateralization	-
Specific Applicable Law	The CMB Communiqué Serial: III, No: 58.1 named "Asset-Backed and Mortgage-Backed Securities"
Insurance Agencies for Investors and Obligors	None
Issue Nom. Size/Aggregate Issuance	Up to TRY 189 mn (Aggregated) (in 3 Separate Tranches)
Interest Rate	Tranche 1: 35% Tranche 2: 39% Tranche 3: 39%
Payment Frequency-Principal	At Maturity
Payment Frequency-Interest	At Maturity
Issue Date	17.10.2022
Weighted Average Life	285.57 Days

RATINGS

ABSs issued by "Nurol Yatırım Bankası A.Ş. İkinci Otorosor Varlık Finansmanı Fonu"		Long Term	Short Term
National Note		BBB- (tr)	J2 (tr)
International Local Currency		BB-	-
Sovereign*	FC	BB	-
	LC	BB	-
	Outlook FC	Negative	-
	Outlook LC	Negative	-

* Assigned by JCR on August 18, 2022

Overview

"Nurol Yatırım Bankası A.Ş. İkinci Otorosor Varlık Finansmanı Fonu" (hereinafter referred as Asset Finance Fund, the Fund or SPV) was established for an infinite term by Nurol Yatırım Bankası A.Ş. (hereinafter referred as "Nurol Bank") to issue asset-backed securities.

Approved asset amount of the Fund is up to TRY 250mn and its originator is Otosor Otomotiv A.Ş., realizing asset-backed securities based on car sales promissory notes receivables in instalments, guaranteed by surety insurance. Otosor Otomotiv A.Ş. (hereinafter referred as "Otosor") was established in December 15, 2017 to offer second-hand term automotive sales. All of its sales are carried out on a monthly repayment basis with maturities ranging from 12 months to 48 months, provided that a minimum of 30% of the vehicle price is received from its customers in advance. Otosor receives an average of 25,000 requests per year and sells around 4,000 units per year. Otosor currently offers second-hand term automotive sales through its over 1,500 dealers across the country. The head office of Otosor is in İstanbul, Ataşehir, and it has 2 more branches in Ankara and İstanbul with a total of 70 employees.

On October 17, 2022, TRY 189mn nominal amount of ABSs (asset-backed securities) were issued in 3 separate tranches by a pay-through mechanism, to local qualified investors by invitation without any public offering. The essential elements to inspire investor confidence are the similar financial profile of obligors of assets in the receivable pool, low portfolio risk and expected losses of these assets, expected-to-increase liquidity facility to be attained through high ending cash balances of loan repayments by obligors to cover disbursements to ABS investors, and hence increased capacity to repay obligations arising from this ABS issue.

Strengths

- Promissory notes transferred to the fund, bearing 100% guaranty by Otosor Otomotiv A.Ş. in case of no payment on date,
- Regulatory requirement of 5% risk retention mechanism as additional support component for the ABS investors,
- Current local regulations in Turkey affording for asset isolation and remoteness of bankruptcy,
- Portfolio structure designed to match terms of collections and redemptions,
- Multitudinous profile of obligors in the receivable pool lowering concentration risk to a certain extent.

Constraints

- Asset eligibility criteria with larger vagueness of terms compared to the previous issue,
- Absence of established insurance mechanism and overcollateralization in the receivable pool,
- Absence of requirement of fully coverage against the risk of damage, theft and loss with 100% car pledge & insurance in the issuance certificate,
- Absence of certain down payment requirement of vehicle amount in the issuance certificate,
- High indebtedness level of the originator, which is the guarantor, in case the assets transferred to the fund are not paid on date,
- Rapid fluctuations in used-car prices in the market pressuring sector structure,
- Recourse facility only limited to the assets of the Fund and not to cover any other obligors,
- Possible exposure to interest rate mismatch due to structure of ABS issues,
- Absence of risk-free investment of promissory notes collections transferred to the fund,
- Detailed risk assessments of the submitted documentation outside the scope of our analyses,
- Growing uncertainties along with geopolitical tension and increase in the general price level suppressing disposable income.